

ER 2602X/1 87

15 SEP 1987

MEMORANDUM FOR THE RECORD

SUBJECT: 13 August 1987 Meeting at Office of Personnel Management to Discuss
CIA's Draft Human Resource and Compensation Proposal

Attendees:

CIA

Hugh E. Price, Director of Personnel

[redacted]
Evaluation

Deputy Director of Personnel for Policy, Analysis and

[redacted] Deputy Chief, Position Management and Compensation Division
Position Management and Compensation DivisionOffice of Personnel ManagementTony Ingrassia, Deputy Associate Director, Personnel System and Oversight
Group

Donna Beecher, Assistant Director for Systems Innovation and Simplification

Joseph Cerio, Acting Chief, Research and Demonstration Staff

Paul Thomson, Research and Demonstration Staff

Lester Bodian, Research and Demonstration Staff

1. The purpose of this meeting was to exchange views with the Office of Personnel Management on our human resources report which previously had been sent to and read by the Office of Personnel Management participants. We explained that the genesis of the project stemmed from a concern that the General Schedule (GS) system did not adequately meet our needs; encouragement from both of our Congressional oversight committees to get away from a band-aid approach to personnel and compensation problems, to step back and review the entire system; and a belief that we could make major improvements in our personnel and compensation systems which not only would help us now, but position us to deal with many of the emerging problems about which both private sector corporations and the Office of Personnel Management were currently concerned.

2. The Office of Personnel Management representatives had studied our report and appeared to be reading from prepared comments. Ms. Donna Beecher, who took the substantive lead in responding, said that we could understand that in her career she had read a great many personnel reports and was not enthusiastic about reading one more thick report. However, as she read it,

ADMINISTRATIVE - INTERNAL USE ONLY



SUBJECT: 13 August 1987 Meeting at Office of Personnel Management to Discuss
CIA's Draft Human Resource and Compensation Proposal

she got more and more excited, couldn't put it down and read it cover to cover. She said that the report was quite well done and she was speaking not just about the conclusions but about the whole methodology and approach used by the CIA Task Force. She noted that it did pick up on many of the experimental approaches sponsored by the Office of Personnel Management, but it also went well beyond the areas covered by the Civil Service Simplification Act which set the groundwork for the Navy's China Lake banding system and other experimental approaches.

3. The Office of Personnel Management representatives focused first on costs, stating that their compensation people felt we might be understating the estimated costs (two to three percent of total personnel services budget) of our proposal and also questioning how the government-wide comparability increases would be given to CIA employees if CIA also could adjust periodically its salary structure independent of the rest of the Federal Government. Mr. Ingrassia, noted, however, there was some dissonance between the Administration's insistence that all personnel experiments be revenue neutral (which the Navy's China Lake experiment is not) and Congressional understanding that a better personnel system might have to cost more. He specifically noted the absence of a revenue neutral requirement in the recent legislation which mandated an experimental personnel and compensation system for the National Bureau of Standards and he said that the Administration thought long and hard before deciding not to veto this legislation.

4. Ms. Beecher asked us to summarize some of our major goals. We noted that we wanted to:

- improve our career development system, and particularly expand our dual track career path to allow experts to advance without having to become managers;
- improve and streamline our position classification system with particular focus on the internal and external alignment of the various occupations; and
- improve our performance appraisal system and better recognize our above average performers.

Ms. Beecher said these goals came through in our report and she was pleased that we had not just focused on money issues.

SUBJECT: 13 August 1987 Meeting at Office of Personnel Management to Discuss
CIA's Draft Human Resource and Compensation Proposal

5. Our efforts to simplify the position classification system, making it more responsive to managers and less time and manpower intensive were received positively. Mr. Ingrassia noted that he was trying to achieve some streamlining even within the traditional General Schedule System. He detailed his efforts to produce a new Security Officer standard which, while greatly simplified, still ran to some 50 pages and he noted that it took all of his skill to resist Defense Department and other efforts to "improve" the new standard up to 200 pages.

6. The Office of Personnel Management representatives also liked our expanded options to recognize individual performance. They especially liked our bonus philosophy in contrast to the Navy's China Lake approach. In the Navy experiment where employees can either get a permanent increment or a bonus. The increments have come to be viewed as good but the bonuses are looked down upon as second prize. This has very negative cost implications. By contrast, under the CIA proposal, all employees who are performing well would get appropriate permanent increases and it would be the bonuses which would be used to distinguish the more outstanding performers.

7. The Office of Personnel Management representatives also liked our performance appraisal approach. They noted that government-wide far more than 50 percent of the people felt they were doing above average work and so a dual system--one for ratings, with the appropriate stroking of employees and better employee-supervisor communication, and a second, a panel system, for determining salary adjustments, was a useful way to go. We agreed that this decoupling of rating and salary decisions was useful as a transition step but stressed that ultimately we needed to increase the role of the line supervisor in the annual salary adjustment process.

8. Finally, the Office of Personnel Management representatives expressed interest in our annual leave and flexible benefits ideas and said that they would very much like to see how these proposals were developed as we moved from a preliminary draft to a final proposal.



Deputy Director of Personnel for
Policy, Analysis and Evaluation

STAT



15 SEP 1987

MEMORANDUM FOR THE RECORD

SUBJECT: 20 August 1987 Meeting at the Defense Intelligence Agency to Discuss
CIA's Draft Human Resource and Compensation Proposal

1. On 20 August 1987, Hugh E. Price and the undersigned met with Mr. [redacted] Assistant Deputy Director for Human Resources, and [redacted] Chief, Policy and Program Division, to get their views about our draft Human Resource proposal, copies which had previously been given them.

2. We began by reviewing the status of the draft, noting that employee and management comments were expected at the end of September. The Task Force would review these inputs and then begin work on a second draft which would incorporate the comments and ideas which were received. It was explained that we also sent copies of the draft report to the National Security Agency, the Office of Personnel Management, the Office of Management and Budget, and our two oversight committees. We noted the concerns expressed by House Permanent Select Committee on Intelligence staffers that our personnel thinking did not focus on the needs of the other Intelligence Community agencies and that this, in part, might be behind the effort to establish a Presidential Commission to review the Intelligence Community's personnel systems. [redacted] agreed with the need to be sensitive to the particular needs of each Agency but said this should not mean homogenizing all Intelligence Community agencies into a single mold. Indeed, such efforts to homogenize were neither helpful nor desired. We agreed.

3. With respect to the report itself, [redacted] stated that while he could quibble with one or two of the proposals, he liked the plan and felt that we had published a first-class piece of work with many interesting and useful features. He particularly liked the flexible benefits program and the annual leave proposals. He felt that these were new approaches which his agency had not considered and he wanted to be kept apprised of our efforts in these areas. He also liked the occupational banding proposals and noted that the Defense Intelligence Agency's recently established occupational career ladder system made banding an easy, logical next step. On the other hand, he felt that the Defense Intelligence Agency already had gone most of the way toward implementing some of our ideas concerning performance appraisal, dual career tracks, and position classification decentralization.

4. [redacted] said that when the Defense Intelligence Agency got new personnel authorities a couple of years ago, it set up occupational career ladders and it decentralized promotion authority so that as long as managers stayed within the career ladder system and did not exceed the number of promotions allocated to each Directorate, there was no further personnel interference. He noted that there had been an initial "bow wave" that raised costs as some position classification inequities were ironed out. Since then, however, the system has stayed in balance without significant cost escalation.

ADMINISTRATIVE - INTERNAL USE ONLY

SUBJECT: 20 August 1987 Meeting at the Defense Intelligence Agency to Discuss CIA's Draft Human Resource and Compensation Proposal

5. [] also stated that he had implemented a new performance appraisal system with occupationally based performance standards which was working very well. He noted that while the CIA culture seemed to be very receptive to using panels, the Defense Intelligence Agency did not favor panels and opted to give additional authority to the line manager. For example, they had made it very easy for line managers to give double steps (Quality Step Increases) or cash awards. All the manager has to do is check a box on the performance appraisal form and, if the second line supervisor agrees, the award goes through with no additional red tape or review. The Comptroller had fears that this would be a budget buster, but nothing of the sort happened. The amounts given by the various components are tabulated and, if particular components are out of line, senior management deals with the problem quickly.

6. One final point was stressed. The Defense Intelligence Agency credited the success of its new program to the training given managers and personnelists. [] noted however, that as much training as had occurred, it still was not enough and he cautioned us to have clear management commitment to training in advance of implementing any new system.

7. At the conclusion of the meeting we agreed to additional lower-level staff contacts and said that we would continue to keep [] informed about our Human Resource project.

[]
Deputy Director of Personnel for
Compensation, Automation and Planning